
PAPERS

Relating to applications to the Dominion Government for advances under Act No. 4, of the Statutes of 1875.

By Command,

JOHN ASH,

Provincial Secretary.

*Provincial Secretary's Office,
17th January, 1876.*

The Lieutenant-Governor to the Honourable the Secretary of State for Canada.

Government House,

28th April, 1875.

(No. 30.)

SIR,—I have the honour to enclose herewith for the consideration of His Excellency the Governor-General, a Minute of my Executive Council, requesting me, under the circumstances stated in the said Minute, to apply to the Dominion Government for the payment to the Province of certain sums of money, viz. : \$189,150 and \$250,000, making a total of \$439,150, and I beg, therefore, to make application accordingly for the payment of this sum of \$439,150 to the Province by the Government of Canada, under the provisions of the Act, 37th Vic., cap. 17., of the Statutes of Canada, and of the Act of British Columbia passed at the last session of the Legislative Assembly entitled "An Act respecting the construction of a Graving Dock at Esquimalt and of Provincial Public Works," a copy of which latter Act is appended hereto.

I have, etc.,

(Signed)

JOSEPH W. TRUTCH.

Copy of a Report of the Honourable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 26th of April, 1875.

On a memorandum, dated 23d April, 1875, from the Honourable the Minister of Finance and Agriculture, reporting that the Government have obtained as a temporary loan, from the Bank of British Columbia, the sum of \$189,150, which loan was to have been paid off on 1st of May, 1875. And whereas the Parliament of Canada passed an Act in the year 1874, giving the Governor in Council power to advance from time to time to any Province of Canada, such sums as may be required for local improvements, not exceeding in the whole the amount by which the debt of the Province for which Canada is responsible falls short of the debt with which the Province was allowed to enter the Union. Such advances to be deemed additions to the debt of the Province.

And whereas the Legislative Assembly of British Columbia has passed an Act authorizing the Government to apply for and receive such sums from Canada, from time to time as may be required, not to exceed in the aggregate the sum as set forth in the said Acts.

The Minister of Finance and Agriculture therefore recommends that Your Excellency be requested to apply to the Dominion Government, asking them to

pay to the Province the following sums, viz. :—\$189,150 expended on local improvements during the year 1874, and a further sum of \$250,000 to be expended on local improvements during the year 1875.

The Committee advise that the recommendation be approved.

Certified.

(Signed) W. J. ARMSTRONG,
Clerk, Executive Council.

The Under Secretary of State to the Lieutenant-Governor.

Ottawa, 17th May, 1875.

SIR,—I have the honour to acknowledge the receipt of your despatch No. 30, of the 28th ultimo, enclosing a Minute of your Executive Council, applying for the payment, by the Dominion Government, to the Government of British Columbia, of the sum of \$439,150, under the provisions of the Act 37 Vic., cap. 17, of the Statutes of Canada.

I have, etc.,
(Signed) EDOUARD J. LANGEVIN.

The Lieutenant-Governor to the Honourable the Secretary of State for Canada.

Government House,
2nd June, 1875.

(No. 34.)

SIR,—With reference to my despatch to you, No. 30, of the 28th April last, the receipt of which is acknowledged by your despatch of the 17th ultimo, received yesterday, I have the honour to enclose a copy of a Minute of my Executive Council, by which my Ministers request me to telegraph to the Government of the Dominion, asking whether the advances applied for by my said despatch, or any portion thereof, will be made, and if so, at what periods.

In accordance with the request expressed in this Minute I have this day addressed to you the telegram message, a transcript of which is appended hereto.

I have, etc.,
(Signed) JOSEPH W. TRUTCH.

Copy of a Report of the Honourable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 1st June, 1875.

On a memorandum, dated 1st June, 1875, from the Honourable the Minister of Finance and Agriculture, reporting that an Order in Council was passed on the 26th April last, and forwarded by His Excellency the Lieutenant-Governor to the Government of the Dominion of Canada, asking them for certain advances of money which they are authorized to make under an Act of the Dominion passed on the 26th of May, 1874, and as no answer has been received, the Minister of Finance and Agriculture recommends that His Excellency the Lieutenant-Governor be respectfully requested to telegraph to the Government of the Dominion of Canada, asking if the Government of the Dominion are disposed to make the advance asked for, or any part of it, and if so, when?

The Committee advise that the recommendation be approved.

Certified.

(Signed) W. J. ARMSTRONG,
Clerk, Executive Council.

TELEGRAM.

Lieutenant-Governor Trutch to the Secretary of State.

Victoria, 2nd June, 1875.

My Ministers desire me to request that this Government may be informed as soon as possible whether the Government of Canada will make the advances applied for by my Despatch No. 30, of 28th April last, or any portions thereof, and if so, at what periods.

(Signed) JOSEPH W. TRUTCH.

TELEGRAM.

The Honourable R. W. Scott to the Lieutenant-Governor.

Ottawa, 3rd June, 1875.

Despatch sent 25th May, also cheque for \$189,000.

(Signed) R. W. SCOTT.

The Under Secretary of State to the Lieutenant-Governor.

(799 on 670.)

Ottawa, 25th May, 1875.

(Received 11th June.)

SIR,—With reference to my letter of the 17th instant, I am directed to transmit to you, herewith, for the information of your Government, a copy of an Order of His Excellency the Administrator of the Government in Council, in reference to their application for the sum of \$439,150, being \$189,150 for local improvements in 1874, and \$250,000 for local improvements in 1875.

I have, etc.,
(Signed) EDOUARD J. LANGEVIN.

Copy of a Report of a Committee of the Honourable the Privy Council, approved by His Excellency the Administrator in Council, on the 20th May, 1875.

Upon the application of the Government of British Columbia for the sum of \$439,150, whereof \$250,000 is asked for on account of the Graving Dock, the remainder for local improvements, the whole to be advanced in accordance with the provisions of Vict. 37, cap. 17.

The Honourable the Minister of Finance, to whom this application has been referred, observes, in a Report dated 19th May, 1875, that, with respect to the sum asked for the construction of a Graving Dock, certificates of progress of work are required by the Terms of the Act, and that such certificates have not, so far as he is aware, been furnished by the Government of British Columbia.

With respect to the remaining advances, he further observes that it is entirely optional with the Government of the Dominion to advance any sums on said account; and, inasmuch as inconvenience may arise if expenditure should be undertaken in any of the provinces under the impression that the Local Government or Legislature are at liberty to draw at pleasure for the balance of debt referred to in said Act, he suggests that the Secretary of State be directed to notify the local authorities of the several provinces that the consent of the Government of Canada must be expressly obtained before any advance on account of local improvements, as specified in the above Act, is authorized; but that the sum of \$189,150 having been spent by the Columbia Government, it is recommended that this sum be paid.

The Committee concur in the foregoing Report, and submit the same for Your Excellency's approval.

Certified,

(Signed) W. A. HIMSWORTH,
Clerk, Privy Council.

The Lieutenant-Governor to the Honourable the Secretary of State for Canada.

Government House,

(No. 37.)

23rd June, 1875.

SIR,—With reference to the copy transmitted in your despatch to me of the 23rd inst., of an Order of His Excellency the Administrator of the Government in Council, upon the application of this Government for the sum of \$439,150, of which the sum of \$189,150 has been subsequently paid over to this Province, I have the honour to enclose a copy of a further Minute of my Executive Council, stating that no portion of the money so asked for is intended to be applied to the construction of the Graving Dock, as seems from the Order in Council to have been supposed by the Honourable the Minister of Finance of Canada, and requesting that under the circumstances set forth in this Minute the further sum of \$250,000, being the remainder of the sum of \$439,150 applied for, be paid over to this Province to meet expenditures already incurred or about to be undertaken upon local works. In accordance with the advice of my Ministers, I beg to recommend this Minute to the favourable consideration of His Excellency the Administrator of the Government.

I have, etc.,

(Signed) JOSEPH W. TRUTCH.

Copy of a Report of a Committee of the Honourable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 22nd day of June, 1875.

On a Memorandum, dated 16th day of June, 1875, from the Honourable the Minister of Finance and Agriculture, reporting on a Minute of the Honourable the Privy Council, dated 20th May, 1875, in which it is assumed that, of the \$439,150 asked for as an advance from Canada, under the provisions of 37 Vic, cap. 17, the sum of \$250,000 is on account of the construction of the Esquimaux Graving Dock.

The Minister of Finance and Agriculture remarks that no portion of the \$439,150 was, or is, intended to be applied to the construction of the Dock; that the sum of \$189,150 was spent last year on public works (exclusive of the Dock); and that the balance of \$250,000 is to cover and meet expenditure upon public buildings, roads, bridges and surveys throughout the Province; that the contracts therefor have, with a few exceptions, been already awarded, and that great inconvenience and embarrassment will result to the Province if the advance of the \$250,000 asked for be not granted. The Minister further states that no intimation, other than that contained in the Minute of the Privy Council, has hitherto been given that "the consent of the Government of Canada must be expressly obtained before any advance on account of local improvements, as specified in the above Act, is authorized"; and he recommends that the Dominion Government be respectfully asked, under the circumstances, to authorize the advance of the \$250,000 asked for, in addition to the sum of \$189,150 which that Government have agreed to advance, and that, for the future, the express consent of the Dominion Government be obtained to draw upon them for moneys intended to be expended under the terms of the 37 Vict., cap. 17.

The Committee concur in the above recommendation, and advise that Your Excellency will be pleased to forward to the Honourable the Secretary of State a

copy of this Minute (if approved), together with a request that the Dominion Government will, under the circumstances, be pleased to advance the sum of \$250,000, the balance of the \$439,150 already applied for.

Certified,
(Signed) W. J. ARMSTRONG,
Clerk of Executive Council.

The Lieutenant-Governor to the Honourable the Secretary of State for Canada.

Government House,
11th August, 1875.

(No. 45.)

SIR,—I have the honour to enclose herewith a copy of a Minute of my Executive Council, requesting that I would telegraph to the Government of the Dominion to enquire whether they are disposed to make the advance to this Government which was applied for by my despatch of the 23rd June last.

I also enclose a transcript of the telegram which I accordingly addressed to you to day.

I have, etc.,
(Signed) JOSEPH W. TRUTCH.

Copy of a Report of a Committee of the Honourable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 11th August, 1875.

On a memorandum dated 9th August, 1875, from the Honourable the Minister of Finance and Agriculture, reporting that an Order in Council was passed on the 22nd June last, and forwarded by His Excellency the Lieutenant-Governor to the Government of the Dominion of Canada, asking them for an advance in accordance with 37th Vic., cap. 17., of \$250,000, and as no answer has been received the Minister of Finance and Agriculture recommends that His Excellency the Lieutenant-Governor be respectfully requested to telegraph to the Government of the Dominion, asking them if they are disposed to make the advance asked for.

The Committee advise that the recommendation be approved.

Certified.
(Signed) W. J. ARMSTRONG,
Clerk, Executive Council.

TELEGRAM.

Lieutenant-Governor Trutch to the Honourable R. W. Scott, Secretary of State.

Victoria, B. C., August 11th, 1875.

My Ministers request to be informed whether Dominion Government are disposed to make advances to this Government applied for by my despatch of the 23rd June last.

(Signed) JOSEPH W. TRUTCH.

TELEGRAM.

The Under Secretary of State to Lieutenant-Governor Trutch.

Ottawa, August 14th, 1875.

Immediate—Your despatch of 23rd June last, answered on 3rd instant. Answer unfavourable.

(Signed) EDOUARD J. LANGEVIN.

The Under Secretary of State to the Lieutenant-Governor.

(1200 on 892.)

Ottawa, 3rd August, 1875.

(Received 30th August.)

SIR,—With reference to your despatch, No. 37, of the 23rd June last, and its enclosures, I am directed to transmit to you, for the information of your Government, a copy of an Order of His Excellency the Administrator of the Government in Council, on the application contained in your despatch, for a further advance of \$250,000, to be charged against the debt of the Province of British Columbia, under the provisions of the Statute 37 Vic. cap. 17.

I have, etc.,

(Signed)

EDOUARD J. LANGEVIN.

Copy of a Report of a Committee of the Honourable the Privy Council, approved by His Excellency the Administrator of the Government in Council on the 28th July, 1875.

The Committee have had under consideration the report, dated the 21st day of July instant, from the Honourable the Minister of Finance, relative to the request of the Government of British Columbia for a further advance of \$250,000, to be charged against the debt of that Province under the provisions of the Statute 37 Vic., cap. 17.

The Minister observes that the Government of British Columbia were in no way warranted in incurring expenditure or entering into any contracts whatever without the express consent of the Governor in Council.

That it is immaterial for what purposes the said \$250,000 are required.

That under existing circumstances the engagements contracted by the Government of the Dominion render it inexpedient to comply at present with the request of the Government of British Columbia, more especially as the Council have already authorized an advance of a large sum, to wit, \$189,000 to British Columbia.

The Committee concur in the report of the Minister of Finance, and submit the same for Your Excellency's approval.

Certified.

(Signed)

W. A. HIMSWORTH,

Clerk, Privy Council.

The Lieutenant-Governor to the Honourable the Secretary of State for Canada.

(No. 58.)

Government House,

15th October, 1875.

SIR,—I have the honour to enclose herewith a Minute of my Executive Council, requesting me to telegraph to the Government of Canada in relation to an advance to this Government of a sum of \$150,000, together with a transcript of the telegram which I have accordingly this day addressed to you.

I have, etc.,

(Signed)

JOSEPH W. TRUTCH.

Copy of a Report of a Committee of the Honourable the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 14th day of October, 1875.

On a memorandum, dated 14th October, 1875, from the Honourable the Minister of Finance and Agriculture, reporting that it is necessary, in consequence of the refusal of the Dominion Government to make advances for the purpose of meeting the cost of the construction of public works already contracted for by authority of

the Legislature, to obtain a sum of \$150,000 without delay, and that it is desirable in the first place to inform the Dominion Government of the high rate of interest now current in this Province.

The Minister of Finance and Agriculture therefore recommends that a telegram be sent to the Secretary of State of the Dominion, couched in the following terms.

The Committee advise that the recommendation be approved, and should this Report be approved, request your Excellency to send through the proper channel the annexed telegram to the Dominion Government.

Certified.

(Signed) W. J. ARMSTRONG,
Clerk, Executive Council.

TELEGRAM.

The Lieutenant-Governor to the Honourable the Secretary of State.

Victoria, 14th October, 1875.

My Ministers request me to ask whether Dominion Government will advance \$150,000 to pay for local improvements in this Province, with permission to repay on 1st July next. Provincial Government require that sum to meet liabilities incurred under sanction of Legislature, and must pay excessive rate of interest if money borrowed here. Please answer soon as possible.

I have, etc.,

(Signed) JOSEPH W. TRUTCH.

TELEGRAM.

The Under Secretary of State to the Lieutenant-Governor.

Ottawa, 18th October, 1875.

An advance of One hundred and fifty thousand Dollars (\$150,000) granted to Government of British Columbia on account of Subsidy, subject to the usual conditions. An official letter will be sent.

(Signed) EDOUARD J. LANGEVIN.

TELEGRAM.

The Honourable A. Mackenzie to the Lieutenant-Governor.

Ottawa, October 18th, 1875.

In reply to your Telegram of fifteenth you may inform your Council that the Dominion Government will advance one hundred and fifty thousand dollars on account of subsidy. Directions were given on sixteenth.

(Signed.) A. MACKENZIE.

TELEGRAM.

The Provincial Secretary to the Honourable A. Mackenzie.

Victoria, 20th October, 1875.

Your telegram received. Government thank you for your prompt attention.

(Signed) JOHN ASH.

The Under Secretary of State to the Lieutenant-Governor.

(1911 on 1077.)

Ottawa, 18th October, 1875.

(Received 5th of November.)

SIR.—Adverting to my telegram of this date, I have the honour to transmit to you a credit cheque, payable to the Treasurer of the Province of British Columbia, or order, for the sum of \$150,000.

A copy of the Order in Council authorizing the payment of the above sum, will be transmitted to you in the course of a few days.

I have, &c.,

(Signed) E. J. LANGEVIN.

The Lieutenant-Governor to the Honourable the Secretary of State for Canada.

(No. 63.)

Government House,
5th November, 1875.

SIR,—I have the honour to state that I have this day received your despatch of the 18th ult., and the cheque therewith transmitted for the sum of \$150,000, payable to the Treasurer of British Columbia, and that I have handed the said cheque to the Treasurer of the Province, and have communicated the substance of your despatch to my Ministers.

I have, etc.,
(Signed) JOSEPH W. TRUTCH.

The Honourable the Under Secretary of State to the Lieutenant-Governor.

(2024 on 1077)

Ottawa, 9th November, 1875.

SIR.—With reference to my letter of the 18th ultimo and its enclosure, I have the honour to transmit to you, for the information of your Government, a copy of an Order of His Excellency the Administrator of the Government in Council, authorizing an advance of \$150,000 to the Government of British Columbia, (on account of Subsidy) as requested by them, subject to the usual conditions.

I have, &c.,
(Signed) EDOUARD J. LANGEVIN.

Copy of a Report of a Committee of the Honourable the Privy Council, approved by His Excellency the Administrator of the Government in Council, on the 18th October, 1875.

On the recommendation of the Honourable Mr. Mackenzie, acting in the absence of the Honourable the Minister of Finance, the Committee advise that a sum of One hundred and fifty thousand Dollars be advanced to the Government of British Columbia (on account of Subsidy) as requested by them, subject to the usual conditions.

Certified.
(Signed) W. A. HIMSWORTH,
Clerk, Privy Council.

The Lieutenant-Governor to the Honourable the Secretary of State for Canada.

(No. 67.)

Government House,
29th November, 1875.

SIR,—I have the honour to state that I have duly received and laid before my Executive Council your despatch of the 10th inst., and the copy therewith transmitted of an Order of His Excellency the Administrator of the Government in Council, authorizing an advance of \$150,000 to the Government of this Province.

I have, etc.,
(Signed) JOSEPH W. TRUTCH.

The Lieutenant-Governor to the Honourable the Secretary of State for Canada.

(No. 60.)

Government House,
29th October, 1875.

SIR,—Adverting to my despatch to you, No. 58, of the 15th inst., enclosing a Minute of my Executive Council, together with a transcript of a telegram of same

date, which upon the advice of my Ministers, expressed in that Minute, I addressed to you requesting an advance of \$150,000, from the Government of Canada to this Province and to their telegraphic message in reply, which I received on the 18th inst., and with further reference to previous correspondence on the subject of advances by the Government of Canada to British Columbia under the Statute of Canada, 37 Vic., cap. 17., I have the honour to enclose herewith, at the request of my Ministers, for the consideration of His Excellency the Governor-General, a Minute of my Executive Council, reviewing the negotiations which have taken place between the Government of Canada and that of British Columbia on this question, and setting forth the views of this Government upon the existing position thereof, I have also to state, as advised by my Ministers in the enclosed Minute, that this Government will repay on the 1st July next, if required, the \$150,000 advanced to the Province by the Dominion on the 18th inst., but request that the application made to the Dominion Government in April last for an advance of \$250,000 be reconsidered so that the above named sum of \$150,000 may be treated as an instalment of the said sum of \$250,000 so applied for in April last, and that a further advance of the remaining \$100,000 be now made, and that the conditions under which applications should be made for further advances to this Province for ensuing years may be communicated to this Government. Should the request of this Government for a further immediate advance of \$100,000 be granted by the Government of Canada, it would be very convenient if His Excellency's decision should be communicated by telegraph.

I have, etc.,

(Signed)

JOSEPH W. TRUTCH.

Copy of a Report of a Committee of the Honourable the Executive Council, approved by His Excellency the Lieutenant-Governor, on the 28th October, 1875.

The Committee of Council have had under review the negotiations between the Governments of the Province and of the Dominion, which led to the passing of Cap. 17 of the Statutes of Canada, 37 Victoria, the correspondence on the subject of advances to be made to the Province under authority of the Statute, and the various matters consequent thereto.

The Committee observe that the Government of the Dominion was informed by despatch, No. 79, from the Lieutenant-Governor, dated 22nd September, 1873, and by letter dated 25th October, 1873, from the Honourable A. DeCosmos to the Secretary of State for Canada, that it was the intention of the Government of British Columbia to commence, as soon as the necessary financial arrangements could be made, various public works, calculated materially to advance the settlement of the Province, and involving an expenditure, extending over two or three years, of over a million of dollars. That, subsequently, an Order in Council of the Dominion Government was passed giving authority to advance to the Government of British Columbia, for local improvements, such sums as might, from time to time, be applied for, to be charged against the debt of the Province, to the extent of the amount by which that debt fell short of the debt allowed. That the Honourable A. Mackenzie engaged to submit a measure to Parliament to carry the proposal into effect, and that the promise was fulfilled by the passage of the Statute already cited, which came into effect in the month of May, 1874.

The Government of British Columbia did not apply for advances under the Statute, until after the session of 1875; nevertheless the sum of \$189,150 was expended in local improvements during the year 1874, the cost of which was defrayed by a temporary loan, to be discharged either from a loan secured on the consolidated revenue of the Province, or from advances to be obtained from Canada, under the Statute, as events might render most expedient.

The passage of an Act enabling the Government of British Columbia to receive advances from Canada formed part of the legislation of 1875, and immediately afterwards this Government requested the Government of the Dominion to advance \$189,150 to defray the cost of local improvements, which had been effected in 1874, and a further sum of \$250,000, to be expended under authority of the Legislature, on local improvements in various parts of the Province, during the current year.

The reply of the Dominion Government, dated 25th May and received on the 11th June last, informed the Government that the sum of \$189,150 would be advanced; but, with regard to the sum of \$250,000, asked on account of the Graving Dock, that certificates of progress of works were required by the terms of the Act, and that such certificates had not been furnished, and that the consent of the Government of Canada must be expressly obtained before any advance on account of local improvements could be authorized.

On the 22nd June a Minute of Council, in reply, was forwarded to the Honourable the Secretary of State, pointing out that no application had been made on account of the Esquimalt Graving Dock, but that the sum of \$250,000 asked for was to cover and meet expenditure on public buildings, roads, bridges and surveys throughout the Province; that the contracts therefor had been, with few exceptions, already awarded, and that great inconvenience would result to the Province, if the advance asked for should not be granted; that no intimation other than that conveyed in the Minute just received had been given that the consent of the Government of Canada must be expressly obtained before any advance on account of local improvements could be authorized, and the assurance to the Dominion Government was given that, for the future, their express consent would be sought to draw upon them for moneys intended to be expended, under the terms of the 37 Victoria, Cap. 17, and the Dominion Government was requested, under the circumstances, to advance the sum of \$250,000 already applied for.

On the 11th August (up to which time no answer to this application had been received) a telegram was sent to the Honourable the Secretary of State, asking if the Dominion Government were disposed to make the advance.

On the 30th August a copy of the Minute of Council on the application was received, stating that the Government of British Columbia were in no way warranted in incurring expenditure, or entering into any contract whatever without the express consent of the Governor in Council; that it was immaterial for what purpose the \$250,000 were required; and that it was not expedient to comply, at present, with the request of the Government of British Columbia.

On meeting with this unexpected refusal the Government proceeded to take steps to maintain the public credit. The season of the year for the settlement of the accounts of contractors, for work done in all parts of the Province, was approaching. Every mail brought in certificates of the completion of local improvements with the corresponding claims, and a large sum of money was required for their liquidation.

On application at the local banks it was found that those institutions were not in a position to supply the necessary funds at a reasonable rate of interest, and the Government paid 8 per cent. interest upon an over draft of \$80,000.

Under these circumstances, the Government determined to make a further application on the subject to the Government of the Dominion. A telegram was accordingly sent, asking for an advance of \$150,000, to be repaid if required on 1st July next, and stating that an excessive rate of interest must be paid if the money were borrowed here.

The Honourable Mr. Mackenzie promptly replied to the effect that a credit in favour of the Provincial Government was established for the sum asked.

On these premises the Committee remark that the terms of the Order of the Governor-General in Council of November, 1873, and the Statute of 1874 warranted their belief that the Dominion Government had conceded that the excess of the debt allowed, over that outstanding at the date of Union, was, in fact, a debt of the

Dominion, and that advances would be made to the Province on befitting applications. They are, however, fully aware that the terms of the Statute are not obligatory but permissive, and that considerations of policy or finance may influence Canada to grant or withhold supplies.

But the Committee must demur to the statements made by the Dominion Government that the Government of British Columbia had no right to enter into any contracts whatever without the express consent of the Governor-General.

Without reference to the exclusive powers of the respective Governments, it is sufficient to point out that the Government of the Dominion is not in possession of the data on which to determine what public works may best be constructed in any given year. The expenditure of the current season, on school houses, on a lunatic asylum, on roads, wharves, bridges, surveys and explorations in a country of immense extent like British Columbia could not, under existing forms, have been intelligently considered at Ottawa.

It cannot be questioned that British Columbia is a country which is in special need of local improvements. If the Dominion Government will not make advances under the Statute, the necessary means can be obtained from a loan secured on the consolidated revenue of the Province, even should it be necessary to pay a higher rate of interest than the rate allowed by the Dominion on its debt to the Province.

The Committee, however, cannot doubt that the Dominion Government, upon this representation of facts, will fully assist the Province in any judicious efforts to promote the common prosperity.

It may be fairly said that the large expenditure of the Government throughout the Province has done much to allay the discontent which, unfortunately, exists on account of the non-commencement of railroad construction, and has also tended to increase the Customs and Excise Revenue derived by the Dominion from the Province.

The Committee therefore advise that the Dominion Government be informed that the Government of the Province will repay the sum of \$150,000 on the 1st of July next if required, out of a loan to be contracted upon the security of the consolidated Revenue of the Province as originally contemplated, but that they be at the same time requested to reconsider their reply to the application made in April last for an advance to the Province of \$250,000, expended during the current year on local improvements, that the Government of the Dominion will consider the sum of \$150,000 placed to the credit of the Province on the 18th October, 1875, as an instalment of the said sum of \$250,000, and that the balance, viz., \$100,000, be further advanced in completion of the required amount, and that the Government of the Dominion be requested to state the conditions under which applications for future advances for ensuing years should be made.

The Committee further advise, should this Report be approved, that your Excellency will be pleased to cause a copy to be forwarded to the Dominion Government through the usual channel, with the request that should the application for the advance of \$100,000 be granted, your Excellency may be informed thereof by telegraph.

Certified,
(Signed) W. J. ARMSRONG,
Clerk, Executive Council.

TELEGRAM.

The Secretary of State to the Lieutenant-Governor.

Ottawa, Ontario, December 14th 1875.

(Received 15th December.)

Communication sent ninth December advising that Dominion will deduct bulk of advances from July and following January Subsidy.

(Signed) R. W. SCOTT.

The Secretary of State to the Lieutenant-Governor.

(2365 on 1077.)

Ottawa, 9th December, 1875.

(Received 28th December.)

SIR,—Referring to the several papers, having reference to the application of the Government of British Columbia for a further advance of money on account of the balance of debt, I am directed to transmit to you herein, a copy of an Order of His Excellency the Governor-General in Council, on the subject, dated 8th December, instant.

I have, &c.,
(Signed)

R. W. SCOTT.

Copy of a Report of a Committee of the Honourable the Privy Council, approved by His Excellency the Governor-General in Council, on the 8th December, 1875.

The Committee of Council have had under consideration a Report from the Honourable the Minister of Finance, to whom were referred the several papers having reference to the application of the Government of British Columbia for a further advance of money on account of the balance of debt.

The Minister states that with regard to the Order in Council of the 3rd November, 1873, it would appear that the said Order was deemed to be invalid and in excess of the power of the Government of Canada, and that no action was taken thereon on that account.

That the 2nd section of chapter 17 of the Statutes of 1874, authorizing the Governor in Council, in his discretion, to make advances to the several Provinces, was drawn in its present form for the express purpose of guarding against the inconveniences which might otherwise arise if the several Provinces were to consider themselves at liberty to draw for the balance of their debt, without previous communication with the Dominion Government.

That it was never contemplated that any Province would enter into any contracts, or make any engagements whatever involving the use of this fund without having first applied for and obtained the consent of the Dominion Government to advance the money required under the said Act.

That a considerable sum amounting to \$189,000 has been already advanced under the said Act, for the purpose of relieving the Government of British Columbia from their embarrassments, at which time they were advised that no further advance could conveniently be made.

The Minister therefore states that, in view of all the circumstances, he is unable to recommend a departure from the decision previously arrived at.

The Committee concur in the Report of the Minister of Finance, and submit the same for Your Excellency's approval.

With respect, however, to the advance of \$150,000 made as against Subsidy by the Order in Council of October 18th, 1875, the Committee advise that the amount be retained out of Subsidy on and after the 1st July next.

Certified.

(Signed) W. A. HIMSWORTH,
Clerk, Privy Council.

The Lieutenant-Governor to the Honourable the Secretary of State for Canada.

(No. 75.)

Government House,
28th December, 1875.

SIR,—I have the honour to state that I have this day received and laid before my Executive Council your despatch of the 9th inst., and the copy therewith trans-

mitted of an Order of His Excellency the Governor-General in Council, in reference to the application of this Government to the Government of Canada on account of the balance of debt allowable to this Province.

I have, etc.,

(Signed)

JOSEPH W. TRUTCH.

The Lieutenant-Governor to the Honourable the Secretary of State for Canada.

Government House,

17th January, 1876.

(No. 6.)

SIR,—I have the honour to enclose herewith, for the consideration of His Excellency the Governor-General, a further Minute of my Executive Council in relation to the applications which have been made by this Government to that of the Dominion, for advances of money to meet expenditures upon Provincial Public Works, and particularly in reply to the Order of His Excellency the Governor-General in Council transmitted in your despatch to me of the 9th ult., the receipt of which was acknowledged by my despatch No. 75, of the 28th ult.

I have, etc.,

(Signed)

JOSEPH W. TRUTCH.

Copy of a Report of a Committee of the Honourable the Executive Council, approved by His Excellency the Lieutenant-Governor on the 15th January, 1876.

The Committee of Council have had under consideration a Memorandum, dated the 6th of January, 1876, from the Honourable the Minister of Finance and Agriculture, reporting on a Minute of the Privy Council received from the Dominion Government on the 28th of December, 1875, in reply to your Excellency's telegraphic message of the 14th October last, which telegram was worded as follows:

“Victoria, 14th October, 1875.

“My Ministers request me to ask whether Dominion Government will advance \$150,000 to pay for local improvements in the Province, with permission to repay on 1st of July next. Provincial Government require that sum to meet liabilities incurred under sanction of Legislature, and must pay excessive rate of interest if money were borrowed here. Please answer as soon as possible.”

The Under-Secretary of State's telegraphic reply was:—“An advance of One hundred and fifty thousand dollars granted to Government of British Columbia on account of Subsidy, *subject to the usual conditions*. An official letter will be sent.”

On the 5th November following, a Cheque for \$150,000, and a few days afterwards, a copy of the Order of the Privy Council authorizing the advance, were received by your Excellency.

The Order in Council states: “That a sum of \$150,000 be advanced to the Government of British Columbia (on account of Subsidy) *as requested by them, subject to the usual conditions*.”

In the late Minute of the Privy Council (now under consideration) the following passage occurs: “With respect, however, to the advance of \$150,000 made as against Subsidy by the Order in Council of 18th October, 1875, the Committee advise that the amount be retained out of Subsidy on and after 1st July next.”

The Committee of Council remark that the Dominion Government cannot retain the Subsidy as proposed without violating the Terms of Union. Under section 2, cap. 17, of their Statute 37 Vic., they have authority to make advances of money to the Province for local improvements. These advances may be repaid by the Province, but until such repayment is made, interest at 5 per cent. thereon is chargeable to “account of Subsidy,” and deducted therefrom as in former cases.

The Provincial Government could not but understand from the Order of the Privy Council of November last that the advance of \$150,000 was made so far "on account of Subsidy" and they so accepted it. The Order in fact states that the advance was made "as requested by the Provincial Government, subject to the usual conditions." The telegraphic request of the Provincial Government was in accordance with previous correspondence for an advance of \$250,000, except that it only asked for \$150,000 "with permission to repay," the request being made under the provisions of section 2, cap. 17, 37 Vic., of the Dominion Statutes, and of the local Statute "respecting the construction of * * * Provincial public works. (Act No. 4, 1875.)

The "usual conditions" upon which the Dominion Government state they advanced the \$150,000 can only refer to the conditions contained in these Statutes, that is, that the amount advanced for the time being should be charged against and in reduction of the debt due by the Dominion to the Province, and that the interest at 5 per cent. thereon should be charged "on account of," and be deducted from Subsidy. Upon these "usual conditions" the Dominion Government on a former occasion advanced \$189,000 to the Province. The Dominion Government have only power to charge the principal (\$150,000) to the debt due to the Province, and to debit the interest to the Subsidy agreed to be paid to the Province. They cannot retain the principal from the Subsidy payable under the Terms of Union; neither have they, on the one hand, power to lend, nor have the Provincial Government on the other, authority to borrow upon the Subsidy as a security for repayment of any advances.

Such advances could only have been made and could only have been accepted under the Statutes mentioned.

The Committee of Council feel assured that when this matter is placed in its true light the unconstitutional character of the course suggested by the Dominion Government will be seen, and lead to a reconsideration of the matter, and that they will not illegally withhold or interfere with the subsidies of the Province, which course, if adhered to, the Committee respectfully intimate, will be strongly resisted.

It may be added that it is the duty as well as the intention of the Provincial Government to fulfil its obligations, and therefore to repay the sum of \$150,000 according to the conditions under which it was accepted.

The Committee of Council advise that if this Minute be approved by Your Excellency, a copy thereof be forwarded to the Dominion Government.

Certified.

(Signed)

W. J. ARMSTRONG,
Clerk, Executive Council.
